



TOWN OF ARLINGTON
DEPARTMENT OF PLANNING and
COMMUNITY DEVELOPMENT

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ARLINGTON, MASSACHUSETTS 02476
TELEPHONE 781-316-3090

MEMORANDUM

To: CDBG Subcommittee

From: Jenny Raitt, Director, Planning and Community Development
Erin Zwirko, Assistant Director, Planning and Community Development

Date: April 13, 2020

RE: Process and Timeline to Program CDBG-CV and Other CDBG Funding

On March 27, 2020, Congress passed the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). As part of the Act, CDBG entitlement communities were awarded an additional allocation of funding: CDBG-CV. Arlington was awarded \$659,903 to be used in response to the coronavirus pandemic. Funding will be available following Arlington's receipt of the grant contract expected in early May. The CARES Act provided additional federal funds for those most in need and also provides for waivers of statutory requirements related to funding limitations and statutory timelines.

There are other funds that could be reprogrammed to be response to the current environment as well. We have been made aware of the Housing Corporation of Arlington's (HCA) desire to cancel the solar program that was funded for this program year in the about of \$150,000 in order to support additional capital improvement projects and its existing tenant assistance program, the Homelessness Prevention Program. There are also older funds from previous program years that could be reprogrammed to support projects that we were unable to fund for the upcoming program year.

This memo identifies potential funding amounts for these funding sources and the process and timeline for consideration by the CDBG Subcommittee.

CDBG-CV Funds

In the current environment where many businesses have had to close and many employees have been laid off or furloughed due to social distancing and stay-at-home orders, we recommend to use the majority of the funding toward business assistance and rental assistance as follows:

Total CARES-CV Award	\$659,903
Business Assistance	\$200,000
Rental Assistance	\$400,000
Public Services	\$59,903

For business assistance, the staff has designed a program that would grant up to \$10,000 per business to support microenterprises, which are small businesses of up to 5 employees including the owner who makes a low- to moderate-income. With grants of up to \$10,000, we could support at least 20 businesses with the proposed allocation. Please note that this program is different than the workforce development program that is planned for Federal Fiscal Year 20, which would support job training for five new low- to moderate-income employees at a local employer.

For rental assistance, CDBG regulations limit assistance for up to three months. Using a conservative amount of \$4,000 per month, the program could grant up to \$12,000 per low- to moderate-income household. We would be able to support at least 33 households, but note that we might be able to support more households if actual rental amounts are lower than \$4,000 per month.

After funding a business assistance program and a rental assistance program, the balance of the CDBG-CV funding is \$59,903. The CARES Act lifted the public service cap, so the CDBG Subcommittee might consider funding local public service agencies that are providing support to those affected by the pandemic. Support services that relate to basic needs, other than housing, including other household expenses, food security, mental health counseling, child care, transportation, and senior support are examples of services that the Subcommittee would want to fund.

The U.S. Department of Housing and Urban Development (HUD) requires that to program these funds, the entitlement community must complete a substantial amendment of the Annual Action Plan for the Federal Fiscal Year 2019. The CARES Act loosened certain procedural requirements by providing a waiver of the standard 30 day comment period. The waiver allows a comment period of no less than 5 days in order to program the funding quickly and efficiently. The timing of this substantial amendment would happen in May after the contract is executed.

Cancellation of HCA's Solar Project

Pam Hallett, the Executive Director of HCA, sent a letter on March 31, 2020 (see attached) explaining that due to the ownership structure of the Capital Square Apartments, installation of solar panels on the roof of these Massachusetts Avenue buildings has become a complex issue regarding who will maintain the ownership of the panels and HCA has been unable to negotiate a satisfactory contract between the Partnership and HCA. As such, and in light of the pandemic, Ms. Hallett has requested that the \$150,000 project be reallocated to the existing capital improvement program and toward rental assistance through their Homelessness Prevention Program as follows:

Total Award	\$150,000
Capital Improvement Program	\$50,000
Rental Assistance	\$100,000

Note that HCA's Capital improvement Program was funded at \$200,000 for the current program year. Should the CDBG Subcommittee approve the cancellation of this project and support the reprogramming of the funds as requested by HCA, we would have to undertake a substantial amendment of the Annual Action Plan for the Federal Fiscal Year 2019. This substantial amendment would be combined with the requirements to program the CDBG-CV funds and would occur in mid-May.

CDBG Funding from Previous Program Years

From previous program years, there is \$457,437 available to reprogram, exclusive of the \$60,000 that are reprogrammed for the upcoming Federal Fiscal Year 2020. We recommend allocating these funds to assist two projects that were not funded for the upcoming year: the fit out project for Arlington EATS and the annual curb ramp program undertaken by the Arlington Department of Public Works (DPW). Arlington EATS had requested \$400,000 of CDBG funds, which the Subcommittee did not recommend funding earlier this year. We are awaiting a decision from HUD regarding the project (see attached correspondence), and would like to reserve some of the older funds to potentially fund Arlington EATS. Historically, CDBG funds have been allocated to the DPW's annual curb ramp installation program. Unfortunately, an application was not received for funding for the upcoming program year, but DPW would have requested \$125,000 of CDBG funds. We recommend the following:

Funds to be Reprogrammed	\$457,437
Arlington EATS Fit Out	\$332,437
DPW Curb Ramp Program	\$125,000

To reprogram these funds, we would have to undertake a substantial amendment of the 2020-2024 Consolidated Plan and the 2020-2021 Annual Action Plan. The Town has nearly completed the approval process required with the Annual Action Plan being presented to the Select Board this month. Following that approval, these documents are due to HUD on May 15, 2020. Because HUD has not granted a waiver to reprogram funds from previous program years, we have to follow the required 30-day comment period. We would undertake a substantial amendment in late May/early June to reprogram these funds.



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Ms. Erin Zwirko
Department of Planning
Arlington, MA 02476

March 31, 2020

Dear Erin:

This is a request to move the CDBG funding from HCA's contract for installation of solar panels on our buildings in the HCA Capitol Square Apartments into two other categories: our Capital Improvement contract and \$100,000 for rental assistance in HCA's Homelessness Prevention Program.

Due to the ownership structure of the Capitol Square Apartments, it has become very complex issue as to who will maintain the ownership of the panels and we have not been able to negotiate a way that satisfies the Partnership and HCA's interests.

In addition, due to the enormous economic repercussions of the COVID-19 pandemic, there will most likely be a significant increase in need for rental assistance in Arlington, for both HCA's residents and in the wider community. In the past week HCA staff heard from five households that had lost their jobs and needed immediate assistance. With the ongoing economic impact of the virus we need to find additional sources of funding to help Arlington residents maintain their housing and weather the crisis. Typically, our program offers a maximum of \$1500 in rental assistance. In the past, this amount has successfully helped residents stabilize their housing after losing employment, falling ill, or another challenge, and enabled households to relocate to a more affordable unit. Typically, \$1500 covers one month of rent, or moving fees. Due to the COVID 19 crisis we will have to amend our policies to provide longer term assistance and much higher levels of funding. We know that the current economic crisis presents a unique set of circumstances and that recovery from job losses will likely take longer. Our goal is to help low-income Arlington residents remain housed until the economy recovers enough to provide stable employment opportunities.

Thank you for considering this request. HCA is committed to providing affordable housing to Arlington residents and to connecting residents to resources that promote health and stability. We hope to further our ability to serve Arlington residents during this unprecedented crisis.

Sincerely,

Pamela Hallett
Executive Director

Housing. Community. Affordability.

From: "Powers, Rachel E" <Rachel.E.Powers@hud.gov>
To: Erin Zwirko <EZwirko@town.arlington.ma.us>
Cc: Jenny Raitt <JRaitt@town.arlington.ma.us>, "Lopez, Cynthia E" <Cynthia.E.Lopez@hud.gov>
Date: 04/13/2020 01:05 PM
Subject: RE: Follow up Questions

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Hi Erin,

Hope you had a nice weekend! No copy of the official letter has come through, but it is now my understanding that the letter from HQ was solely from them to the Congresswoman. It's not a usual matter of practice for HUD to copy the grantee on the correspondence. However, we realize it's important to update your committee. The field office to could send an email with the determination, or a letter if something more formal is preferred. What would best assist you?

Thanks so much,
Rachel

RACHEL E. POWERS

CPD Representative | U.S. Department of Housing & Urban Development
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From: Erin Zwirko <EZwirko@town.arlington.ma.us>
Sent: Monday, April 13, 2020 12:00 PM
To: Powers, Rachel E <Rachel.E.Powers@hud.gov>
Cc: Jenny Raitt <JRaitt@town.arlington.ma.us>; Lopez, Cynthia E <Cynthia.E.Lopez@hud.gov>
Subject: RE: Follow up Questions

Hi Rachel,

Do you have an update regarding the official letter on 117 Broadway and the Arlington EATS project? We haven't received any communication from Rep. Clark's office relaying HUD HQ's determination. We will have a meeting with our CDBG Subcommittee on Wednesday to discuss the CDBG-CV funds, and I'm sure the Subcommittee will be interested in hearing about this determination.

Thanks,
Erin

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